

**ASSEMBLY BILL**

**No. 574**

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**Introduced by Assembly Member Bonnie Lowenthal**

February 16, 2011

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An act to amend Section 14598 of the Welfare and Institutions Code, relating to the elderly.

LEGISLATIVE COUNSEL'S DIGEST

AB 574, as introduced, Bonnie Lowenthal. Program of All-Inclusive Care for the Elderly.

Existing law establishes the federal Medicaid program, administered by each state, California's version of which is the Medi-Cal program. The Medi-Cal program, which is administered by the State Department of Health Care Services under the direction of the Director of Health Care Services, provides qualified low-income persons with health care services. Existing federal law establishes the Program of All-Inclusive Care for the Elderly (PACE), which provides specified services for older individuals so that they may continue living in the community. Federal law authorizes states to implement the PACE program as a Medicaid state option.

Existing state law authorizes the director to establish the California Program of All-Inclusive Care for the Elderly and establishes PACE program services as a covered benefit of the Medi-Cal program. Existing law authorizes the department to enter into specified contracts for implementation of the PACE program, and also enter into separate contracts with certain PACE organizations, to fully implement the single state agency responsibilities assumed by the department, as specified. Existing law authorizes the department to enter into separate contracts with up to 10 PACE organizations, but prohibits certain contracts unless

a Medicaid state plan amendment, electing PACE as a state Medicaid option, has been approved by the federal Centers for Medicare and Medicaid Services.

This bill would increase to 20 the number of authorized separate contracts.

Vote: majority. Appropriation: no. Fiscal committee: yes.

State-mandated local program: no.

*The people of the State of California do enact as follows:*

1 SECTION 1. Section 14598 of the Welfare and Institutions  
2 Code is amended to read:

3 14598. (a) The Legislature finds and declares both of the  
4 following:

5 (1) The demonstration projects authorized by this article have  
6 proven to be successful at providing comprehensive,  
7 community-based services to frail elderly individuals at no greater  
8 cost than for providing nursing home care.

9 (2) Based upon that success, California now desires to provide  
10 community-based, risk-based, and capitated long-term care services  
11 under the Programs of All-Inclusive Care for the Elderly (PACE)  
12 as optional services under California's Medicaid state plan and  
13 under contracts, entered into between the federal Centers for  
14 Medicare and Medicaid Services, the department, as the single  
15 state medicaid agency, and PACE organizations, meeting the  
16 requirements of the Balanced Budget Act of 1997 (P.L. 105-33)  
17 and Part 460 (commencing with Section 460.2) of Subchapter E  
18 of Chapter IV of Title 42 of the Code of Federal Regulations.

19 (b) The department may enter into the contracts specified in  
20 subdivision (a) for implementation of the PACE program, and also  
21 may enter into separate contracts with the PACE organizations  
22 contracting under subdivision (a), to fully implement the single  
23 state agency responsibilities assumed by the department in those  
24 contracts, Section 14132.94, and any other state requirement found  
25 necessary by the department to provide comprehensive  
26 community-based, risk-based, and capitated long-term care services  
27 to California's frail elderly. The department may enter into separate  
28 contracts specified in subdivision (a) with up to ~~10~~ 20 PACE  
29 organizations. The department may not enter into any contracts  
30 specified in subdivision (a) unless a Medicaid state plan

1 amendment, electing PACE as a state Medicaid option as provided  
2 for in Section 14132.94, has been approved by the federal Centers  
3 for Medicare and Medicaid Services.

4 (c) Notwithstanding subdivisions (a) and (b), any demonstration  
5 project contract entered into under this article prior to January 1,  
6 2004, shall remain in full force and effect under its own terms, but  
7 shall not be renewed or amended beyond the termination date in  
8 effect on that date.

9 (d) The requirements of the PACE model, as provided for  
10 pursuant to Section 1894 (42 U.S.C. Sec. 1395eee) and Section  
11 1934 (42 U.S.C. Sec. 1396u-4) of the federal Social Security Act,  
12 shall not be waived or modified. The requirements that shall not  
13 be waived or modified include all of the following:

14 (1) The focus on frail elderly qualifying individuals who require  
15 the level of care provided in a nursing facility.

16 (2) The delivery of comprehensive, integrated acute and  
17 long-term care services.

18 (3) The interdisciplinary team approach to care management  
19 and service delivery.

20 (4) Capitated, integrated financing that allows the provider to  
21 pool payments received from public and private programs and  
22 individuals.

23 (5) The assumption by the provider of full financial risk.

24 (6) The provision of a PACE benefit package for all participants,  
25 regardless of source of payment, that shall include all of the  
26 following:

27 (A) All Medicare-covered items and services.

28 (B) All Medicaid-covered items and services, as specified in  
29 the state's Medicaid plan.

30 (C) Other services determined necessary by the interdisciplinary  
31 team to improve and maintain the participant's overall health status.

32 (e) For purposes of this section, "PACE organizations" means  
33 those entities as defined in Section 460.6 of Title 42 of the Code  
34 of Federal Regulations.